



April 27, 2012

Annie Anochar Clark, Sr. Financial Analyst
Economic Development
City of Moreno Valley
14177 Frederick Street
Moreno Valley, CA 92552

Dear Ms. Clark:

Pursuant to Health and Safety Code (HSC) section 34177 (l) (2) (C), the City of Moreno Valley Successor Agency (agency) submitted a Recognized Obligation Payment Schedule (ROPS) to the California Department of Finance (Finance) on April 12, 2012 for the period January through June 2012. Finance staff contacted you for clarification of items listed in the ROPS.

HSC section 34171 (d) lists enforceable obligation (EO) characteristics. Based on a sample of line items reviewed and application of the law, the following do not qualify as EOs:

- Page 1, items 14, 15, 17, and 18 – various agreements between the city and the former redevelopment agency (RDA) totaling \$55.7 million. HSC section 34171 (d) (2) states loans and agreements between the city that created the RDA and the former RDA are not enforceable unless the loan agreements were entered into within the first two years of the date of the creation of the RDA.
- Administrative expenses totaling \$825,342. HSC section 34171 (b) limits administrative expenses in fiscal year 2011-12 to five percent of property tax allocated to the successor agency or \$250,000, whichever is greater. Five percent of the property tax allocated is \$307,665. Therefore, \$825,342 of the claimed \$1,133,007 in administrative costs is not an EO. The following items are considered to be administrative expenses:
 - Page 1 – Items 8, 10, and 11
 - Page 2 – Item 24
 - Page 6 – Items 1 and 2

As authorized by HSC section 34179 (h), Finance is returning your ROPS for your reconsideration. This action will cause the specific ROPS items noted above to be ineffective until Finance approval. Furthermore, items listed on future ROPS will be subject to review and may be denied as EOs.

If you believe we have reached this conclusion in error, please provide further evidence that the items questioned above meet the definition of an EO.

Please direct inquiries to Evelyn Suess, Supervisor or Mindy Patterson, Lead Analyst at (916) 322-2985.

Sincerely,

A handwritten signature in black ink that reads "Mark Hill". The signature is written in a cursive, flowing style.

MARK HILL
Program Budget Manager

cc: Ms. Pam Elias, Chief Accountant Property Tax Division, Riverside County
Auditor-Controller
Ms. April Nash, Supervising Accountant, Riverside County Auditor-Controller
Ms. Jennifer Baechel, Business Process Analyst II, Riverside County Auditor-Controller